



**WAYNE COUNTY, MISSOURI  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-75  
September 27, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2004

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Wayne, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.**

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This audit of Wayne County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Payroll expenditures claimed against the Public Safety Partnership and Community Policing Grants (COPS) – Methamphetamine Initiative grant were not supported by adequately detailed time sheets. In addition, the office administrator's salary appears to be an unallowable cost. As a result, salary and fringe benefit amounts totaling \$57,871, appear questionable and could be disallowed by the granting agency. Also, the Schedule of Expenditures of Federal Awards prepared by the county was not complete or accurate.
- The county's General Revenue Fund financial condition is declining. The 2004 budget projected a zero cash balance at December 31, 2004, and the Special Road and Bridge Fund is owed \$68,997 due to the county's property tax reduction related to sales tax. In addition, the County Commission is considering the construction of a new jail even with its weak financial condition. It does not appear that the county has sufficient monies to payback the amounts owed to the Special Road and Bridge Fund, adequately reduce the property tax levy in the General Revenue Fund in future years, and to construct a new jail without some increase in revenues or a reduction in expenditures.
- Bids were not always solicited or advertised by the county, nor was bid documentation always retained, adequate supporting documentation was not always obtained and reviewed or was not in sufficient detail for some expenditures.
- The county paid the Western District County Road Overseer \$5,300 on October 7, 2003 for a 1992 truck to be used for road and bridge purposes. The truck was previously owned by the Western District Commissioner who sold the truck for \$2,500 to the overseer on October 6, 2003. No public notice was given and no bids were requested for the purchase of the truck. This transaction appears to be a conflict of interest and may violate state law.

(over)

YELLOW SHEET

- Formal budgets were not prepared for various funds, actual expenditures exceeded the budgeted amount in various funds, and expenditures of some funds exceeded the original budgets prior to amending the budgets. In addition, a deficit ending fund balance was budgeted for the Sheriff's Donations Fund in 2003, the published financial statements did not include the financial activity of various funds, and some county funds are not held by the County Treasurer and disbursed through the county's expenditure system.
- The county has not taken action on mid-term salary increases given to associate county commissioners in 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The County Commission responded they are waiting to see what other counties in the state do on this issue.
- Additional salary concerns include actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion, the Public Administrator receiving annual compensation based on a salary and fees instead of choosing to receive either a salary or fees, and the Sheriff receiving additional compensation from overtime and other payments.
- Several concerns were noted in the Sheriff's office. Checks and money orders are not always restrictively endorsed immediately upon receipt, receipts are not posted to the cash control ledger on a timely basis, receipts are not always deposited intact on a timely basis, and the composition of receipts is not reconciled to the composition of deposits. Also, checks have been outstanding for a considerable length of time and accrued costs are not adequately monitored.
- Several concerns were noted in the Sheriff's commissary procedures. Accounting duties are not adequately segregated, prenumbered receipt slips are not always issued, checks and money orders are not always endorsed upon receipt, receipts are not always deposited timely, and checks have been outstanding for a considerable length of time. Also, a commissary inventory listing is not maintained, profit earned on sales is not monitored, open items are not reconciled, and inmate balances are not reviewed. In addition, various invoices could not be located and questionable purchases were made.

The audit also includes some matters related to personnel policies and procedures and property records and procedures. The audit also suggests improvements in controls and procedures of the Prosecuting Attorney, Health Center, and the Senate Bill 40 Board.

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WAYNE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Wayne County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Wayne County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 18, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Wayne County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill  
State Auditor

June 18, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Robert L. McArthur II
Audit Staff:	Clifford E. Lewton Jennifer L. Henze



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Wayne County, Missouri

We have audited the financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Wayne County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Wayne County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition

in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

June 18, 2004 (fieldwork completion date)

## Financial Statements

Exhibit A-1

WAYNE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 94,238	1,610,402	1,570,452	134,188
Special Road and Bridge	156,026	1,467,429	1,472,490	150,965
Assessment	21,915	123,845	130,675	15,085
Law Enforcement Training	731	4,250	4,631	350
Prosecuting Attorney Training	264	743	597	410
Special Law Enforcement	593	40,044	23,810	16,827
Special Prosecuting Attorney	1,869	10,195	7,006	5,058
Recorder's User Fees	25,048	16,489	14,382	27,155
Sheriff's Donations	661	12,399	12,590	470
Landfill Trust	9,076	158	0	9,234
Sheriff's Civil	435	13,339	13,763	11
Circuit Clerk's Interest	26,953	528	603	26,878
Elevator Grant	1,957	0	1,957	0
Special Election	2,347	662	163	2,846
Courtroom Recorder Equipment	1,029	621	399	1,251
Victims of Domestic Violence	226	872	0	1,098
Public Water Supply District #2	500	12,500	13,000	0
Forest Service Title III	0	39,086	39,086	0
Public Water Supply District #4	500	205,174	205,174	500
Tax Maintenance	697	12,013	4,320	8,390
Health Center	362,880	1,304,292	1,286,057	381,115
Senate Bill 40 Board	192,161	80,105	48,240	224,026
Law Library	14,555	6,496	14,079	6,972
Associate Division's Interest	1,931	167	558	1,540
Corp Trail Grant	7,429	0	5,002	2,427
Jail Commissary	2,170	34,800	35,847	1,123
River Hills Drug Task Force	1,363	3,707	2,016	3,054
Total	\$ 927,554	5,000,316	4,906,897	1,020,973

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WAYNE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 100,457	1,428,607	1,434,826	94,238
Special Road and Bridge	134,747	1,902,340	1,881,061	156,026
Assessment	6,305	123,723	108,113	21,915
Law Enforcement Training	248	4,030	3,547	731
Prosecuting Attorney Training	331	683	750	264
Special Law Enforcement	3,436	10,027	12,870	593
Special Prosecuting Attorney	1,645	11,675	11,451	1,869
Recorder's User Fees	25,795	13,257	14,004	25,048
Sheriff's Donations	248	10,317	9,904	661
Landfill Trust	8,853	223	0	9,076
Sheriff's Civil	461	11,670	11,696	435
Circuit Clerk's Interest	26,894	1,447	1,388	26,953
Elevator Grant	2,499	1,957	2,499	1,957
Special Election	1,484	1,524	661	2,347
Courtroom Recorder Equipment	1,119	1,029	1,119	1,029
Victims of Domestic Violence	1,029	897	1,700	226
Public Water Supply District #2	500	98,930	98,930	500
Forest Service Title III	0	36,489	36,489	0
Public Water Supply District #4	0	288,576	288,076	500
Tax Maintenance	0	834	137	697
Health Center	290,249	1,283,942	1,211,311	362,880
Senate Bill 40 Board	156,795	82,241	46,875	192,161
Law Library	10,929	6,247	2,621	14,555
Associate Division's Interest	1,797	191	57	1,931
Corp Trail Grant	10,000	9,114	11,685	7,429
Jail Commissary	5,872	42,814	46,516	2,170
River Hills Drug Task Force	0	1,363	0	1,363
Total	\$ 791,693	5,374,147	5,238,286	927,554

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 5,060,525	4,961,642	(98,883)	5,626,596	5,314,418	(312,178)
DISBURSEMENTS	5,316,692	4,863,474	453,218	5,729,398	5,177,407	551,991
RECEIPTS OVER (UNDER) DISBURSEMENTS	(256,167)	98,168	354,335	(102,802)	137,011	239,813
CASH, JANUARY 1	907,860	914,661	6,801	747,584	763,095	15,511
CASH, DECEMBER 31	651,693	1,012,829	361,136	644,782	900,106	255,324
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	179,123	195,021	15,898	165,114	166,394	1,280
Sales taxes	390,000	407,904	17,904	401,944	401,944	0
Intergovernmental	717,068	630,364	(86,704)	499,803	449,704	(50,099)
Charges for services	211,000	199,070	(11,930)	202,625	193,183	(9,442)
Interest	900	1,014	114	1,500	1,096	(404)
Other	33,425	17,762	(15,663)	33,385	34,734	1,349
Transfers in	176,997	159,267	(17,730)	181,103	181,552	449
Total Receipts	1,708,513	1,610,402	(98,111)	1,485,474	1,428,607	(56,867)
DISBURSEMENTS						
County Commissioner	66,415	66,844	(429)	67,914	67,697	217
County Clerk	87,723	87,721	2	81,030	78,280	2,750
Elections	2,337	2,118	219	49,700	43,236	6,464
Buildings and grounds	49,192	44,430	4,762	47,232	46,385	847
Employee fringe benefit	267,856	223,360	44,496	233,545	216,233	17,312
County Treasurer	33,685	32,447	1,238	25,585	24,541	1,044
County Collector	67,211	67,077	134	65,368	65,461	(93)
Ex Officio Recorder of Deed	18,941	18,277	664	18,504	18,441	63
Circuit Clerk	10,350	5,988	4,362	10,350	9,565	785
Associate Circuit Court	825	816	9	800	505	295
Associate Circuit (Probate)	20,960	10,679	10,281	20,960	14,619	6,341
Court administration	7,850	1,921	5,929	7,905	2,116	5,789
Public Administrator	37,300	21,726	15,574	37,300	21,054	16,246
Sheriff	566,346	519,803	46,543	408,392	405,032	3,360
Jail	119,632	119,631	1	122,252	119,494	2,758
Prosecuting Attorney	95,631	95,380	251	95,644	94,235	1,409
Juvenile Offices	28,947	28,947	0	27,433	27,433	0
County Coroner	25,360	24,128	1,232	17,500	20,106	(2,606)
Special Prosecuting Attorney Func	11,000	5,216	5,784	8,541	5,276	3,265
Special Law Enforcement Func	7,000	8,413	(1,413)	6,116	6,116	0
Jury	6,000	4,196	1,804	18,000	3,732	14,268
New Jail	0	8,768	(8,768)	0	0	0
Other	176,570	156,704	19,866	125,324	118,352	6,972
Transfers out	15,862	15,862	0	26,917	26,917	0
Emergency Func	33,699	0	33,699	64,296	0	64,296
Total Disbursements	1,756,692	1,570,452	186,240	1,586,608	1,434,826	151,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,179)	39,950	88,129	(101,134)	(6,219)	94,915
CASH, JANUARY 1	94,238	94,238	0	101,134	100,457	(677)
CASH, DECEMBER 31	46,059	134,188	88,129	0	94,238	94,238

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	106,267	107,653	1,386	101,141	110,417	9,276
Sales taxes	390,000	407,903	17,903	385,000	401,941	16,941
Intergovernmental	941,562	897,767	(43,795)	1,698,419	1,358,196	(340,223)
Charges for services	0	0	0	500	0	(500)
Interest	3,500	3,332	(168)	7,000	3,440	(3,560)
Other	600	14,688	14,088	1,000	2,548	1,548
Transfers in	20,000	36,086	16,086	0	25,798	25,798
<b>Total Receipts</b>	<b>1,461,929</b>	<b>1,467,429</b>	<b>5,500</b>	<b>2,193,060</b>	<b>1,902,340</b>	<b>(290,720)</b>
<b>DISBURSEMENTS</b>						
Salaries	378,367	369,265	9,102	357,930	356,627	1,303
Employee fringe benefit	101,074	82,947	18,127	79,105	71,905	7,200
Supplies	205,000	187,134	17,866	205,000	191,192	13,808
Insurance	30,000	37,901	(7,901)	26,022	26,022	0
Road and bridge materials	198,407	334,208	(135,801)	325,863	325,602	261
Equipment purchases	40,000	34,700	5,300	60,000	97,555	(37,555)
Construction, repair, and maintenance	272,584	160,955	111,629	867,078	550,123	316,955
Lease payments	121,338	128,598	(7,260)	107,861	107,861	0
Other	10,000	7,380	2,620	10,000	8,885	1,115
Transfers out	133,593	129,402	4,191	147,129	145,289	1,840
<b>Total Disbursements</b>	<b>1,490,363</b>	<b>1,472,490</b>	<b>17,873</b>	<b>2,185,988</b>	<b>1,881,061</b>	<b>304,927</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(28,434)</b>	<b>(5,061)</b>	<b>23,373</b>	<b>7,072</b>	<b>21,279</b>	<b>14,207</b>
<b>CASH, JANUARY 1</b>	<b>156,026</b>	<b>156,026</b>	<b>0</b>	<b>134,747</b>	<b>134,747</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>127,592</b>	<b>150,965</b>	<b>23,373</b>	<b>141,819</b>	<b>156,026</b>	<b>14,207</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	113,904	104,283	(9,621)	104,806	94,032	(10,774)
Interest	0	2,955	2,955	0	2,576	2,576
Other	2,000	745	(1,255)	2,000	198	(1,802)
Transfers in	15,862	15,862	0	26,917	26,917	0
<b>Total Receipts</b>	<b>131,766</b>	<b>123,845</b>	<b>(7,921)</b>	<b>133,723</b>	<b>123,723</b>	<b>(10,000)</b>
<b>DISBURSEMENTS</b>						
Assessor	138,869	115,863	23,006	118,623	93,013	25,610
Transfers out	14,812	14,812	0	15,100	15,100	0
<b>Total Disbursements</b>	<b>153,681</b>	<b>130,675</b>	<b>23,006</b>	<b>133,723</b>	<b>108,113</b>	<b>25,610</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(21,915)</b>	<b>(6,830)</b>	<b>15,085</b>	<b>0</b>	<b>15,610</b>	<b>15,610</b>
<b>CASH, JANUARY 1</b>	<b>21,915</b>	<b>21,915</b>	<b>0</b>	<b>6,305</b>	<b>6,305</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>0</b>	<b>15,085</b>	<b>15,085</b>	<b>6,305</b>	<b>21,915</b>	<b>15,610</b>

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	4,030	4,250	220	4,200	4,030	(170)
Total Receipts	4,030	4,250	220	4,200	4,030	(170)
<b>DISBURSEMENTS</b>						
Sheriff	4,030	4,631	(601)	4,448	3,547	901
Total Disbursements	4,030	4,631	(601)	4,448	3,547	901
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(381)	(381)	(248)	483	731
CASH, JANUARY 1	731	731	0	248	248	0
CASH, DECEMBER 31	731	350	(381)	0	731	731
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	720	743	23	650	683	33
Total Receipts	720	743	23	650	683	33
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	980	597	383	981	750	231
Total Disbursements	980	597	383	981	750	231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(260)	146	406	(331)	(67)	264
CASH, JANUARY 1	264	264	0	331	331	0
CASH, DECEMBER 31	4	410	406	0	264	264
<b><u>SPECIAL LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	9,724	40,044	30,320	12,000	9,924	(2,076)
Interest	30	0	(30)	0	30	30
Other	0	0	0	0	73	73
Total Receipts	9,754	40,044	30,290	12,000	10,027	(1,973)
<b>DISBURSEMENTS</b>						
Law enforcement:	3,060	14,720	(11,660)	8,730	5,864	2,866
Transfers out	7,000	9,090	(2,090)	3,270	7,006	(3,736)
Total Disbursements	10,060	23,810	(13,750)	12,000	12,870	(870)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(306)	16,234	16,540	0	(2,843)	(2,843)
CASH, JANUARY 1	593	593	0	3,436	3,436	0
CASH, DECEMBER 31	287	16,827	16,540	3,436	593	(2,843)

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL PROSECUTING ATTORNEY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	11,675	10,195	(1,480)	10,800	11,651	851
Interest	0	0	0	0	24	24
Total Receipts	11,675	10,195	(1,480)	10,800	11,675	875
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	850	1,043	(193)	3,903	593	3,310
Transfers out	11,000	5,963	5,037	8,542	10,858	(2,316)
Total Disbursements	11,850	7,006	4,844	12,445	11,451	994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(175)	3,189	3,364	(1,645)	224	1,869
CASH, JANUARY 1	1,869	1,869	0	1,645	1,645	0
CASH, DECEMBER 31	1,694	5,058	3,364	0	1,869	1,869
<b><u>RECORDER'S USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	11,000	16,037	5,037	8,000	12,612	4,612
Interest	600	452	(148)	1,000	645	(355)
Total Receipts	11,600	16,489	4,889	9,000	13,257	4,257
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	16,000	14,382	1,618	27,470	14,004	13,466
Total Disbursements	16,000	14,382	1,618	27,470	14,004	13,466
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,400)	2,107	6,507	(18,470)	(747)	17,723
CASH, JANUARY 1	25,048	25,048	0	25,795	25,795	0
CASH, DECEMBER 31	20,648	27,155	6,507	7,325	25,048	17,723
<b><u>SHERIFF'S DONATIONS FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	3,120	2,420	(700)	3,540	3,120	(420)
Interest	2	2	0	15	2	(13)
Other	6,720	9,977	3,257	6,762	7,195	433
Total Receipts	9,842	12,399	2,557	10,317	10,317	0
<b>DISBURSEMENTS</b>						
Sheriff	12,000	12,590	(590)	9,904	9,904	0
Total Disbursements	12,000	12,590	(590)	9,904	9,904	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,158)	(191)	1,967	413	413	0
CASH, JANUARY 1	661	661	0	448	248	(200)
CASH, DECEMBER 31	(1,497)	470	1,967	861	661	(200)

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LANDFILL TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	220	158	(62)	400	223	(177)
Total Receipts	220	158	(62)	400	223	(177)
<b>DISBURSEMENTS</b>						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	220	158	(62)	400	223	(177)
CASH, JANUARY 1	9,076	9,076	0	8,853	8,853	0
CASH, DECEMBER 31	9,296	9,234	(62)	9,253	9,076	(177)
<b><u>SHERIFF'S CIVIL FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	12,000	13,105	1,105	7,500	10,834	3,334
Interest	5	0	(5)	5	0	(5)
Other	850	234	(616)	4,162	836	(3,326)
Total Receipts	12,855	13,339	484	11,667	11,670	3
<b>DISBURSEMENTS</b>						
Sheriff	12,855	13,763	(908)	11,696	11,696	0
Total Disbursements	12,855	13,763	(908)	11,696	11,696	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(424)	(424)	(29)	(26)	3
CASH, JANUARY 1	435	435	0	476	461	(15)
CASH, DECEMBER 31	435	11	(424)	447	435	(12)
<b><u>CIRCUIT CLERK'S INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	800	528	(272)	3,070	1,447	(1,623)
Total Receipts	800	528	(272)	3,070	1,447	(1,623)
<b>DISBURSEMENTS</b>						
Circuit Clerk	20,735	603	20,132	1,629	1,388	241
Total Disbursements	20,735	603	20,132	1,629	1,388	241
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,935)	(75)	19,860	1,441	59	(1,382)
CASH, JANUARY 1	20,735	26,953	6,218	8,675	26,894	18,219
CASH, DECEMBER 31	800	26,878	26,078	10,116	26,953	16,837
<b><u>ELEVATOR GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	0	1,957	1,957
Total Receipts	0	0	0	0	1,957	1,957
<b>DISBURSEMENTS</b>						
Elevator	1,957	1,957	0	200	200	0
Transfers out	0	0	0	2,299	2,299	0
Total Disbursements	1,957	1,957	0	2,499	2,499	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,957)	(1,957)	0	(2,499)	(542)	1,957
CASH, JANUARY 1	1,957	1,957	0	2,499	2,499	0
CASH, DECEMBER 31	0	0	0	0	1,957	1,957

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ELECTION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	800	649	(151)	1,000	1,512	512
Interest	7	13	6	0	12	12
Total Receipts	807	662	(145)	1,000	1,524	524
<b>DISBURSEMENTS</b>						
Equipment	650	0	650	1,200	0	1,200
Maps	0	0	0	0	600	(600)
Other	0	163	(163)	0	61	(61)
Total Disbursements	650	163	487	1,200	661	539
RECEIPTS OVER (UNDER) DISBURSEMENTS	157	499	342	(200)	863	1,063
CASH, JANUARY 1	2,347	2,347	0	1,484	1,484	0
CASH, DECEMBER 31	2,504	2,846	342	1,284	2,347	1,063
<b><u>COURTROOM RECORDER EQUIPMENT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	1,200	621	(579)	900	1,029	129
Interest	0	0	0	25	0	(25)
Total Receipts	1,200	621	(579)	925	1,029	104
<b>DISBURSEMENTS</b>						
Equipment	720	0	720	1,119	1,119	0
Office expense:	480	399	81	0	0	0
Total Disbursements	1,200	399	801	1,119	1,119	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	222	222	(194)	(90)	104
CASH, JANUARY 1	1,029	1,029	0	1,119	1,119	0
CASH, DECEMBER 31	1,029	1,251	222	925	1,029	104
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	895	862	(33)	1,190	892	(298)
Interest	5	10	5	10	5	(5)
Total Receipts	900	872	(28)	1,200	897	(303)
<b>DISBURSEMENTS</b>						
Domestic violence shelte	1,000	0	1,000	2,000	1,700	300
Total Disbursements	1,000	0	1,000	2,000	1,700	300
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	872	972	(800)	(803)	(3)
CASH, JANUARY 1	226	226	0	1,029	1,029	0
CASH, DECEMBER 31	126	1,098	972	229	226	(3)

Exhibit B

WAYNE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PUBLIC WATER SUPPLY DISTRICT #2 FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	12,500	12,500	0	101,174	98,930	(2,244)
Total Receipts	12,500	12,500	0	101,174	98,930	(2,244)
<b>DISBURSEMENTS</b>						
Engineering	0	0	0	5,381	5,887	(506)
Construction	0	0	0	96,293	93,043	3,250
Administration	13,000	13,000	0	0	0	0
Total Disbursements	13,000	13,000	0	101,674	98,930	2,744
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0	(500)	0	500
CASH, JANUARY 1	500	500	0	500	500	0
CASH, DECEMBER 31	0	0	0	0	500	500
<b><u>FOREST SERVICE TITLE III FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	39,086	39,086	0	36,461	36,489	28
Interest	0	0	0	28	0	(28)
Total Receipts	39,086	39,086	0	36,489	36,489	0
<b>DISBURSEMENTS</b>						
Emergency management	3,000	3,000	0	0	0	0
Road and bridge equipmen	0	0	0	1,691	1,691	0
Sheriff's equipmen	0	0	0	5,000	5,000	0
Ambulance district assistanc	0	0	0	3,000	3,000	0
Transfers out	36,086	36,086	0	26,798	26,798	0
Total Disbursements	39,086	39,086	0	36,489	36,489	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>PUBLIC WATER SUPPLY DISTRICT #4 FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	205,174	205,174	0	288,576	288,576	0
Total Receipts	205,174	205,174	0	288,576	288,576	0
<b>DISBURSEMENTS</b>						
Construction	191,424	191,424	0	186,666	186,666	0
Emergency well	0	0	0	96,910	96,910	0
Administration	13,750	13,750	0	4,500	4,500	0
Total Disbursements	205,174	205,174	0	288,076	288,076	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	500	500	0
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	500	500	0	500	500	0

Exhibit B

WAYNE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	9,000	12,013	3,013	834	834	0
Total Receipts	9,000	12,013	3,013	834	834	0
<b>DISBURSEMENTS</b>						
County Collector	9,697	4,320	5,377	137	137	0
Total Disbursements	9,697	4,320	5,377	137	137	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(697)	7,693	8,390	697	697	0
CASH, JANUARY 1	697	697	0	0	0	0
CASH, DECEMBER 31	0	8,390	8,390	697	697	0
<b><u>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	100,000	96,326	(3,674)	96,000	98,887	2,887
Intergovernmental	1,235,707	1,202,969	(32,738)	1,146,337	1,178,773	32,436
Interest	6,200	4,997	(1,203)	14,000	6,282	(7,718)
Other	0	0	0	1,500	0	(1,500)
Total Receipts	1,341,907	1,304,292	(37,615)	1,257,837	1,283,942	26,105
<b>DISBURSEMENTS</b>						
Salaries	953,109	928,317	24,792	881,800	897,314	(15,514)
Employee fringe benefit	222,100	226,506	(4,406)	213,500	167,642	45,858
Office expenditures:	72,798	60,071	12,727	80,637	64,405	16,232
Equipment	7,000	4,681	2,319	2,500	3,290	(790)
Mileage and training	66,600	56,578	10,022	63,100	60,179	2,921
Other	20,300	9,904	10,396	17,000	18,481	(1,481)
Total Disbursements	1,341,907	1,286,057	55,850	1,258,537	1,211,311	47,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	18,235	18,235	(700)	72,631	73,331
CASH, JANUARY 1	362,297	362,880	583	289,481	290,249	768
CASH, DECEMBER 31	362,297	381,115	18,818	288,781	362,880	74,099
<b><u>SENATE BILL 40 BOARD FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	80,000	77,022	(2,978)	63,500	78,467	14,967
Intergovernmental	0	140	140	0	769	769
Interest	0	2,943	2,943	700	3,005	2,305
Total Receipts	80,000	80,105	105	64,200	82,241	18,041
<b>DISBURSEMENTS</b>						
Sheltered workshop	45,000	43,080	1,920	41,800	45,021	(3,221)
Construction	150,000	2,869	147,131	5,000	0	5,000
Other	8,775	2,291	6,484	3,975	1,854	2,121
Total Disbursements	203,775	48,240	155,535	50,775	46,875	3,900
RECEIPTS OVER (UNDER) DISBURSEMENTS	(123,775)	31,865	155,640	13,425	35,366	21,941
CASH, JANUARY 1	192,161	192,161	0	159,379	156,795	(2,584)
CASH, DECEMBER 31	68,386	224,026	155,640	172,804	192,161	19,357

Exhibit B

WAYNE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	5,985	6,496	511			
Interest	262	0	(262)			
Total Receipts	<u>6,247</u>	<u>6,496</u>	<u>249</u>			
<b>DISBURSEMENTS</b>						
Library materials	10,000	14,079	(4,079)			
Total Disbursements	<u>10,000</u>	<u>14,079</u>	<u>(4,079)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,753)</u>	<u>(7,583)</u>	<u>(3,830)</u>			
CASH, JANUARY 1	14,555	14,555	0			
CASH, DECEMBER 31	<u>\$ 10,802</u>	<u>6,972</u>	<u>(3,830)</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WAYNE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Division's Interest Fund	2003 and 2002
Corp Trail Grant Fund	2003 and 2002
Jail Commissary Fund	2003 and 2002
River Hills Drug Task Force Fund	2003 and 2002
Law Library Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Law Enforcement Fund	2003 and 2002
Law Enforcement Training Fund	2003
Sheriff's Donations Fund	2003
Sheriff's Civil Fund	2003
Law Library Fund	2003

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Sheriff's Donations Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2003 and 2002, did not include the Associate Division's Interest Fund, the Jail Commissary Fund, and the River Hills Drug Task Force Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

Of the Senate Bill 40 Board's bank balances at December 31, 2003 and 2002, \$100,000 was covered by federal depository insurance while \$124,026 and \$92,161, respectively, were uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Senate Bill 40 Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Property Taxes

Through December 31, 2003, the General Revenue Fund owes the Special Road and Bridge Fund \$68,997 for additional property tax reductions. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Wayne County voters enacted a ½ cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The General Revenue Fund tax levies were not reduced sufficiently for actual sales tax collections. Instead, Wayne County reduced property taxes restricted for use in the Special Road and Bridge Fund. Revenues of the Special Road and Bridge Fund are required by Section 137.555, RSMo, to be used only for improving and maintaining county roads and bridges.

4. Prior Period Adjustment

The Circuit Clerk's Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$25,260 to reflect county monies held by the Circuit Clerk that were not reported previously.

The Associate Division's Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$1,092 to reflect county monies held by the Associate Circuit Clerk that were not reported previously.

The Jail Commissary Fund's cash balance of \$5,872 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

WAYNE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2212W ERS045-3212W ERS045-4212W	\$ 0 43,904 17,651	51,733 16,846 0
	Program Total		<u>61,555</u>	<u>68,579</u>
10.559	Summer Food Service Program for Children	ERS146-2212I ERS146-3212I	0 65	60 0
	Program Total		<u>65</u>	<u>60</u>
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	195,430	182,307
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	97PF29 2000-PF-24 2001-PF-28	1,957 13,000 205,174	0 97,930 288,076
	Program Total		<u>220,131</u>	<u>386,006</u>
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grant	N/A	221,052	102,168
Passed through:				
16.580	Missouri Sheriff's Meth-Amphetamine Relief Team			
	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	47,256	34,764
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2001-LBG-050	0	9,000
16	DWI Saturation Grant	02-164-AL-73	0	3,354

Schedule

WAYNE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	780	1,048
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO-111 (2)	0	10
		BRO-111 (4)	0	511,894
		BRO-111 (5)	3,298	10,602
		COE-111 (2)	3,025	0
		COE-111 (3)	105,666	0
		COE-111 (4)	2,998	0
		STP-9900(017)	0	9,114
	Program Total		<u>114,987</u>	<u>531,620</u>
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	300	2,213
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	0	82
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety			
83.544	Public Assistance Grants <sup>a</sup>	FEMA-1412-DR-MO	78,705	405,360
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-2212A	0	2,860
		PGA064-3212A	3,000	950
		N/A	9,926	19,098
	Program Total		<u>12,926</u>	<u>22,908</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	AOC03380043	42,500	30,357
		AOC04380107	35,325	0
	Program Total		<u>77,825</u>	<u>30,357</u>

Schedule

WAYNE COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	1,275	1,592
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-2212C	0	330
		PGA067-3212C	594	174
		PGA067-2212S	560	560
	Program Total		<u>1,154</u>	<u>1,064</u>
	Department of Social Services -			
93.667	Social Services Block Grant	N/A	1,472	3,123
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-20041	0	10,881
		ERS161-30040	8,135	1,697
		ERS161-40015	1,039	0
			<u>9,174</u>	<u>12,578</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2212M	0	13,182
		ERS146-3212M	13,158	4,386
		ERS146-4212M	4,343	0
		ERS175-2081F	0	2,788
		ERS175-3081F	1,572	870
		N/A	94	166
	Program Total		<u>19,167</u>	<u>21,392</u>
	Total Expenditures of Federal Award:		<u>\$ 1,063,254</u>	<u>1,819,575</u>

\* The CFDA number for this program changed to 97.036 in October 2003

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

WAYNE COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Wayne County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The amount for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represents the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$96,910 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 2002.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Wayne County, Missouri

Compliance

We have audited the compliance of Wayne County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

As described in finding number 03-1 in the accompanying Schedule of Findings and Questioned Costs, Wayne County, Missouri, did not comply with requirements regarding Activities Allowed or Unallowed Costs and Allowable Costs/Cost Principles that are applicable to its Public Safety Partnership and Community Policing Grants. Compliance with such requirements is necessary, in our opinion, for Wayne County, Missouri, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Wayne County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

#### Internal Control Over Compliance

The management of Wayne County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 03-1 and 03-2 to be material weaknesses.

This report is intended for the information and use of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive style with a large initial 'C'.

Claire McCaskill  
State Auditor

June 18, 2004 (fieldwork completion date)

Schedule

WAYNE COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2003 AND 2002

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?   x   yes        no

Reportable conditions identified that are not considered to be material weaknesses?        yes   x   none reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grants/State's Program
16.710	Public Safety Partnership and Community Policing Grants

20.205 Highway Planning and Construction  
83.544 Public Assistance Grants

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

## Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>03-1.</b>	<b>COPS Grant</b>
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Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	\$57,871

Payroll expenditures, mostly overtime, claimed by task force officers, deputies, and the project director (Sheriff) against the Public Safety Partnership and Community Policing Grants (COPS) – Methamphetamine Initiative grant were not supported by adequately detailed time sheets. In addition, the office administrator's salary appears to be an unallowable cost as described by the grant agreement.

Payroll expenditures totaling \$57,871 were reimbursed in 2003. During our review we noted that timesheets were not prepared for the project director and the task force officers. In addition, the timesheets submitted by the deputies were not adequately detailed to indicate that the overtime accumulated and paid was related to methamphetamine activities. Per the COPS Methamphetamine Initiative grant manual, overtime was to be paid for working extra hours beyond the normal work week to engage in methamphetamine activities. The Sheriff's office was required to track all overtime funded through the COPS Methamphetamine Initiative and salary payments were to be based on payroll records which were to be supported by time and attendance records. Without adequate supporting documentation for

the task force officers, deputies, and project directors' overtime, salary and fringe benefits amounts totaling approximately \$26,932, appears questionable and could be disallowed by the granting agency.

In addition, the office administrator position was filled by an existing employee, the office manager, whose position was then filled during the grant period by another employee already on staff working as a dispatcher. A new employee was hired to replace the dispatcher that moved into the office manager's position; however, the \$24,000 salary paid to the office administrator in 2003 was not equal to the \$13,312 salary paid to the new dispatcher. In addition, the salary of the office administrator was not paid from local funds as the county was reimbursed by the grant for an equal amount. The Public Safety Partnership and Community Policing Act of 1994 specifically states that:

" . . . Methamphetamine Initiative grant funds must be used to supplement (increase), and not supplant (replace), funds for activities that would have taken place in the absence of this grant. . . Each individual employed under the Methamphetamine Initiative grant program is newly hired on or after the grant award start date. . . " or

" . . . Grantees wishing to redeploy an experienced current employee to the grant project must continue to pay that employee with local funds; the COPS grant funds may instead be used to "backfill" the vacancy resulting from the redeployment with a newly hired employee. . . "

Because the salary of the new dispatcher hired to replace the redeployed employees was not the same amount as the salary of the office administrator under the grant agreement and the grant administrator's salary was not paid with local funds, the office administrator's salary and fringe benefits amounts totaling approximately \$30,939 appears questionable and could be disallowed by the granting agency.

**WE RECOMMEND** the County Commission and Sheriff contact the granting agency to resolve the questioned costs and ensure adequate supporting documentation is maintained on future grants.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated that they will contact the Department of Justice to resolve the questioned costs and will use this recommendation to ensure compliance with future grants.*

*The Sheriff indicated he will contact the Department of Justice – COPS office regarding the concerns on the timesheets for officer overtime and on the grant administrator's position and has established a timesheet which will be used for any future grants.*

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	97PF29, 2000-PF-24, and 2001-PF-28
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-111(2), BRO-111(4), BRO-111(5), COE-111(2), COE-111(3), COE-111(4), and STP-9900(017)
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.544
Program Title:	Public Assistance Grants
Pass-Through Entity	

Identifying Number: FEMA-1412-DR-MO  
Award Year: 2003 and 2002  
Questioned Costs: Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2003 and 2002, the county's SEFA included several errors which resulted in expenditures being overstated by approximately \$230,000 and \$370,000, respectively. For example, the county's SEFA for 2003 and 2002 included monies received totaling approximately \$222,000 and \$171,000, respectively, for payments in lieu of taxes and forest patrolling contracts, which did not represent expenditures of federal awards. The county's SEFA for 2002 also overestimated social service block grants expenses by approximately \$912,000 and did not include expenditures for the highway planning and construction program totaling approximately \$522,000. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

#### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk indicated that he will work to ensure a complete schedule of expenditures of federal awards is prepared in the future.*

*The County Commission indicated the County Clerk will work with other officials receiving the grants and/or federal/state monies to ensure the accuracy of the schedule of expenditures of federal awards.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

WAYNE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

WAYNE COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

**Findings - Two Years Ended December 31, 2001**

01-1. Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State Program
Pass-Through Entity	
Identifying Number:	1997-PF-29 and PSWD #2
Award Year:	2001 and 2000
Questioned Costs:	\$721

The county did not adequately monitor the third-party administrator's procedures for cash draws to ensure funds received were expended within five days.

Recommendation:

The county review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate. Also, the county attempt to obtain reimbursement of the questioned costs from the third-party administrator.

Status:

Partially implemented. While the County more closely monitored receipts and expenditures to ensure timely disbursement, one instance was noted in the current audit in which monies were not expended within the five-day limit as required by program guidelines. A letter received from the Department of Economic Development indicates "since there are no unresolved findings regarding the CDBG program, there are no further audit requirements for this audit period."

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

WAYNE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004. We also have audited the compliance of Wayne County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 18, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Wayne County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

<b>1. County Sales Tax and Financial Condition</b>
--

The county's General Revenue Fund financial condition is declining. The 2004 budget for the General Revenue Fund projects a zero cash balance at December 31, 2004. The General Revenue Fund's cash balance increased during the audit period, but this was primarily due to an inadequate general revenue property tax levy reduction in 2003 and 2002. As a result of the inadequate reduction, the General Revenue Fund owes the Special Road and Bridge Fund \$68,997. In addition, the county is considering a new jail project with estimated annual lease payments of \$50,000 which will be paid for from the General Revenue Fund.

In 2003 and 2002, the Special Road and Bridge Fund tax levies were reduced by .0515 and .0586 per \$100 of assessed valuation, respectively, to provide part of the required General Revenue Fund property tax collection reduction. Revenues of the Special Road and Bridge Fund are required by Section 137.555, RSMo 2000, to be used only for improving and maintaining county roads and bridges. It does not appear proper to reduce property taxes restricted for use in the Special Road and Bridge Fund to account for sales tax revenues deposited to the General Revenue Fund. As a result, the General Revenue Fund owes \$68,997 to the Special Road and Bridge Fund as of December 31, 2003.

A similar occurrence through 1999 was fixed by the county by offsetting over \$600,000 of the sales tax rollback due to the Special Road and Bridge Fund from the General Revenue Fund with over \$600,000 of unrestricted revenues (in lieu of tax payments) that was credited to the Special Road and Bridge Fund instead of the General Revenue Fund.

In addition, the County Commission is considering the construction of a new jail. The Commission approved placing a ½ cent law enforcement sales tax, to finance the new jail, on the November 5, 2002 ballot. The proposed sales tax failed for the fourth time. Determined to finance the jail project with county funds, a survey was performed and trees were cleared from the proposed site and the foundation was dug. Architects were obtained to design the new jail and used bathroom units were purchased from Pemiscot County. In November 2003 the final plans were approved and bids were solicited for the financing and construction of the facility. The bids opened on January 6, 2004, detailed that the project would require a minimum of a \$50,000 annual lease payment over a 15-20 year lease term to finance the construction of the jail. However, because of the county's financial condition the project was put on hold. It does not appear the resources are available to fund this future operation.

It does not appear that the county has sufficient monies to payback the amounts owed to the Special Road and Bridge Fund, adequately reduce the property tax levy in the General

Revenue Fund in future years, and to construct a new jail without some increase in revenues or a reduction in expenditures.

**WE RECOMMEND** the County Commission:

- A. Repay the Special Road and Bridge Fund \$68,997 from the General Revenue Fund. In addition, subsequent property tax levy rollbacks should be in the General Revenue Fund or sufficient monies paid to the Special Road and Bridge Fund.
- B. Ensure the financial condition of the General Revenue Fund is sufficient to pay for the increased costs associated with a new jail before commencing with the jail construction project.

**AUDITEE'S RESPONSE**

- A. *We have attempted to roll back the property tax as much as we could afford in the General Revenue Fund and will continue to do so in the future. We will see how the financial condition is at the end of the year to determine our ability to repay the liability due the Special Road and Bridge Fund.*
- B. *We are currently in the process of building the new jail. The new jail is not an extravagant facility. We believe revenues generated from the new jail will help us offset the costs. In addition, an increase in employees needed to run the jail is not expected.*

**2. County Expenditures and Conflict of Interest**

Bids were not always solicited or advertised by the county, nor was bid documentation always retained, adequate supporting documentation was not always obtained and reviewed or was not in sufficient detail for some expenditures, and a truck purchase appears to be a related party transaction.

- A. Bids were not always solicited or advertised by the county, nor was bid documentation always retained by the County Clerk for numerous purchases. In addition, each official is responsible for bidding their office purchases; however, we noted several purchases made for the Sheriff's office that were not bid. The following are examples of items purchased during the years ended December 31, 2003 and 2002, without bid documentation:

Items Purchased	Cost
County purchases:	
Dump Trucks	\$ 55,000
Flatcar Decks	22,000
Used Dump Truck	18,000
Asphalt	8,336

Fuel	8,228
Road Roller	6,500
Concrete	4,959
Sheriff's purchases:	
Truck	25,200
Radios	10,000
Copier	6,000
Computers/Printers/Projector	5,464
Cargo Trailer	4,500

The items identified above are individual purchases. Additional purchases of this nature were also not bid. In addition, the county does not bid items such as tires, culverts, and prisoner meals. The County Clerk, County Commission, and the Sheriff indicated bids are sometimes solicited through telephone calls or other direct contact with vendors; however, documentation of these contacts was not maintained or recorded in the County Commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

- B. Adequate supporting documentation was not always obtained and reviewed by the County Commission for some expenditures, while other expenditures approved by the County Commission had insufficient detail. For example, concerning the Sheriff's truck purchase noted in part A. above, the County Commission only reviewed and approved the voucher submitted by the Sheriff. The voucher did not include the invoice which was maintained by the Sheriff. In another instance, a summary statement accompanied the voucher submitted to the County Commission by the Sheriff for payment of prisoner food; however, the detailed invoice maintained by the Sheriff was not reviewed or approved by the County Commission. Without obtaining and properly reviewing adequate supporting documentation, the County Commission cannot determine the validity and propriety of the expenditures.

- C. In addition to the items discussed in Part A, the county paid the Western District County Road Overseer \$5,300 on October 7, 2003 for a 1992 truck to be used for road and bridge purposes. The truck was previously owned by the Western District Commissioner who sold the truck for \$2,500 to the overseer on October 6, 2003. No public notice was given and no bids were requested for the purchase of a truck. This transaction appears to be a conflict of interest and may violate state law.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases (including the Sheriff's office purchases) in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Ensure adequate supporting documentation is obtained for all expenditures.
- C. Review the transactions for propriety, and in the future, avoid transactions that represent actual conflicts of interest or the appearance of conflicts of interest.

**AUDITEE'S RESPONSE**

- A. *We will continue our best effort to ensure all purchases are put out for bid and maintain adequate documentation to support our decisions. Phone bids were obtained for some of the various items listed.*
- B. *We will require the proper documentation be obtained to support all expenditures.*
- C. *The Presiding Commissioner indicated he did not necessarily agree with the transaction and when the other commissioners agree to something there is not a lot he can do when he does not agree. He will discuss this transaction with the Prosecuting Attorney and he will not allow this type of transaction to happen again.*

*The Eastern District Commissioner indicated he would discuss this transaction with the Prosecuting Attorney and avoid these types of transactions in the future.*

*The Western District Commissioner indicated that he thought the transaction was okay at the time the truck was sold and that this would never happen again.*

<b>3. Budgetary Practices and Published Financial Statements</b>
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Formal budgets were not prepared for various funds, actual expenditures exceeded the budgeted amounts in various funds, and expenditures of some funds exceeded the original budgets prior to amending the budgets. In addition, a deficit ending fund balance was budgeted for the Sheriff's Donations Fund in 2003, the published financial statements did not

include the financial activity of various funds, and some county funds are not held by the County Treasurer and disbursed through the county's expenditure system.

- A. Formal budgets were not prepared for the Associate Division's Interest Fund, Corp Trail Grant Fund, Jail Commissary Fund, and River Hills Drug Task Force Fund for the years ended December 31, 2003 and 2002. In addition, the Law Library Fund was not budgeted for the year ended December 31, 2002. While most of these funds are not under the direct control of the County Commission, budgets for these funds are needed to provide a better overall picture of the county's financial condition and to comply with statutory provisions. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.
- B. Actual expenditures exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2003	2002
Special Law Enforcement	\$ 13,750	870
Law Enforcement Training	601	N/A
Sheriff's Donations	590	N/A
Sheriff's Civil	908	N/A
Law Library	4,079	N/A

In addition, during 2003 and 2002, the County Commission amended various county budgets to reflect increased expenditures made during the year. Documentation of these amendments was recorded in the county commission minutes. However, the expenditures of some funds exceeded the original budgets prior to the county's official budget hearing amending the budgets on December 23, 2003 and December 24, 2002, respectively. For example, expenditures of the Public Water Supply District #4 Fund exceeded the original budget amount by approximately \$112,000 but the budget was amended on December 23, 2003. Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While these amendments make it appear as if the county complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool. The audited financial statements have been adjusted for these amendments.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties

may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget. Also, budget amendments should be made prior to incurring the actual expenditures.

- C. The 2003 Sheriff's Donations Fund budget reflects a deficit ending budgeted fund balance of \$1,497.

Appropriating expenditures in excess of available resources reduces the County Commission's ability to effectively manage the county's resources. In addition, counties are not authorized to budget deficit fund balances. Article VI, Section 26 (a) of the Missouri Constitution states, "no county...shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years..."

- D. Our review of the published financial statements noted the following concerns:

1. The published financial statements did not include the financial activity of the Associate Division's Interest Fund, Jail Commissary Fund, and the River Hills Drug Task Force Funds, as required. The County Clerk indicated these funds are not under the control of the County Commission.
2. Expenditures were listed by vendor for only the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Law Enforcement Training Fund, and the Prosecuting Attorney Training Fund. For other restricted funds maintained in the county treasury, the County Treasurer processes receipts and disbursements and signs checks without further approvals. As a result, the activity of these funds is not included in the County Clerk's accounting system and thus, not included in more detail in the published financial statements.

All monies received on behalf of the county should be in the custody of the County Treasurer and disbursed through the county's expenditure system. Section 54.140, RSMo 2000, provides that it shall be the duty of the county treasurer to separate and divide the revenues of the county as they come into his hands and pay out the revenues on warrants issued by the county commission. In addition, Section 50.800, RSMo 2000, provides that the financial statements show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. The statute also requires detail lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the county's financial activities, all information required by law should be included.

Condition B was noted in our prior two reports.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are obtained or prepared for all county funds.
- B. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring actual expenditures.
- C. Discontinue appropriating expenditures in excess of available resources.
- D.1. Ensure all county funds are held in the custody of the County Treasurer and disbursed through the county's expenditure system.
- 2. Ensure financial information for all county funds is properly reported in the annual published financial statements and expenditures are listed by vendor.

**AUDITEE'S RESPONSE**

- A. *We will continue to provide budget forms to officials for all special funds. If the budget form is not returned, this will be documented. We will make every effort to budget all funds in the future.*
- B. *We will do a better job of monitoring to ensure that we do not overspend the budgets. We will also discuss this issue with the Sheriff. However, we would like to note that the overspending of the budgets was not large dollar amounts and was primarily a result of additional revenues being received. If we believe a budget amendment is necessary we will approve such a budget amendment prior to the actual expenditures of funds.*
- C. *We failed to ensure this fund was properly budgeted by ensuring the information provided by the Sheriff agreed to the information provided by the County Treasurer. We will attempt to properly budget this fund in the future.*
- D.1. *We agree with the recommendation and will see that the recommendation is complied with.*
  - 2. *We will comply with this recommendation and would like to note that we thought we were doing what was required.*

<b>4. Officials' Salaries</b>
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Concerns were noted regarding the Associate Commissioners', County Treasurer's and Public Administrator's salaries. Also, a concern was noted regarding additional compensation for the Sheriff.

- A. The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999.

Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in February 1999 (retroactively effective January 1, 1999) Wayne County's Associate County Commissioners' salaries were each increased approximately \$4,752 yearly, according to the salary commission minutes. However, in January 1999, the County Clerk had received a written opinion from the Prosecuting Attorney that concluded such "a mid-term salary increase for Associate Commissioners would be unconstitutional and is therefore prohibited". As a result, the County Commission acted contrary to legal advice when it granted the mid-term raise to the Associate Commissioners.

Subsequently, on May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional, reaffirming the Prosecuting Attorney's position noted above. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$9,504 for the two years ended December 31, 2000, should be repaid. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

- B. Actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion. The County Treasurer's salary was increased \$8,100 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in November 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years. The Prosecuting Attorney indicated the meeting would be allowable if a petition initiative was signed by two-thirds of the members. However, there was no written documentation supporting

whether the meeting complied with Section 50.333, RSMo 2000. In addition, the petition initiative was not signed by two-thirds of the members as only 64 percent (7 of the 11) members signed the petition initiative.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- C. Section 473.742, RSMo, enacted in 2000, allowed public administrators to make a determination within thirty days after taking office whether the public administrator elected to receive either a salary or fees as may be allowed by law to executors, administrators, and personal representatives. Prior to this change in state law, Section 473.739, RSMo 2000, allowed public administrators to receive annual compensation if the public administrator did not receive at least a certain amount in fees.

Following the Wayne County Public Administrator taking office for a new term in January 2001, he continued to receive annual compensation based on fees and also continued to receive a salary based on Section 473.739, RSMo 2000.

Section 473.742, RSMo, requires the public administrator to elect to receive either a salary or fees. Because the Public Administrator did not elect to receive either a salary or fees and instead continued to receive compensation based on an old state law, it appears questionable that the Public Administrator continued to receive a salary as well as compensation from fees.

- D. The Sheriff received \$3,908 in additional compensation from overtime and other payments during the year ended December 31, 2003. These payments were received as the Sheriff acted as the project director for the Public Safety Partnership and Community Policing Grants (COPS) – Methamphetamine Initiative grant.

Section 50.333, RSMo 2000, authorizes the salary commission to meet and set salaries for the elected officials including the Sheriff. The additional compensation received was above the amount established by the salary commission and does not appear to be in accordance with state law.

Condition A was noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

- C. Require the Public Administrator to elect to receive either a salary or fees. In addition, consult with legal counsel to ensure proper amounts were paid and to seek reimbursement for any overpayments.
- D. Review the appropriateness of paying the Sheriff additional compensation and consider obtaining reimbursement of the additional compensation.

**AUDITEE'S RESPONSE**

- A. *We are waiting to see what other counties in the state do on this issue.*
- B. *We have consulted with legal counsel and he was of the opinion that this meeting was in accordance with the law. We will obtain a written legal opinion to that effect. In addition, in the future, we will ensure eight members of the salary commission sign all petitions.*
- C. *We will review the applicable statute and meet with the Public Administrator and legal counsel to resolve this issue. Again, we were of the understanding that we were in compliance with this statute at the time of our discussion.*
- D. *We discussed this issue with the Sheriff several times and he indicated he was allowed to receive these monies. We will discuss this issue with our legal counsel.*

<b>5.</b>	<b>Personnel Policies and Procedures</b>
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The county's written personnel policies do not specifically address compensatory time and overtime related to law enforcement personnel.

The Sheriff awards full-time deputies overtime at straight time for hours worked between 160 and 171 and time and a half for hours worked over 171 during a 28 day period. Also, overtime is paid at time and a half to part-time deputies if they worked over 85.5 hours in the 28 day period. Although the county has written personnel policies, the policy does not specifically address compensatory time and overtime policies related to law enforcement personnel.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied, if possible, to ensure each employee is treated equitably.

**WE RECOMMEND** the County Commission work with the Sheriff to adopt personnel policies related to law enforcement personnel.

## **AUDITEE'S RESPONSE**

*We will work with the new Sheriff to adopt applicable personnel policies related to law enforcement personnel.*

### **6. Property Records and Procedures**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The county's fixed asset records were not adequate and complete and some county offices did not conduct timely annual physical inventories.

The County Commission issued a memo on June 24, 2003, stating that all county officials were to conduct an annual inventory of all equipment over \$250 and to file the inventories with the County Clerk by August 31 of each year. Per our review of the County Clerk's inventory file the Associate Circuit Judge, Prosecuting Attorney, and Eastern District Road and Bridge Supervisor did not meet this deadline.

In addition, our review of fixed asset purchases found that five assets tested were not included on the fixed asset listings. Examples of items not included on the fixed asset listings include a grader, a dump truck, two printers, and a drill. Also, we noted that fixed asset purchases are not reconciled to fixed asset records, records are not maintained in a manner that balances can be reconciled from period to period, and records do not indicate the date and method of fixed assets dispositions.

Adequate fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting, record keeping, and reconciliation procedures, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss

procedures for the handling of asset disposition, and any other concerns associated with county property.

**AUDITEE'S RESPONSE**

*We will establish a written policy regarding fixed assets. In addition, we will pursue fixed assets records more diligently. Since the end of the audit we have received additional information requested regarding fixed assets from some of the officials.*

<b>7. Sheriff's Accounting Controls and Procedures</b>
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Checks and money orders are not always restrictively endorsed immediately upon receipt, receipts are not posted to the cash control ledger on a timely basis, receipts are not always deposited intact on a timely basis, and the composition of receipts is not reconciled to the composition of deposits. Also, checks have been outstanding for a considerable length of time and accrued costs are not adequately monitored. The Sheriff's office maintains a fee account for collection of criminal and civil fees, bonds, gun permit fees, reimbursements for boarding and transporting prisoners, and other miscellaneous fees totaling approximately \$101,100 and \$122,200 for the years ended December 31, 2003 and 2002, respectively.

- A. Checks and money orders received are not always restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- B. Receipts are not posted to the cash control ledger on a timely basis. Receipts are recorded in the cash control ledger after month-end. To ensure accounting records are complete, to assist in the reconciliation process, and to allow for consistent deposit procedures to be developed, receipts should be posted to the cash control ledger when written.
- C. Receipts are not always deposited intact on a timely basis. Deposits are generally made four to six times a month and average approximately \$1,200 for the months reviewed. A cash count performed on March 10, 2004 showed over \$3,400 on hand, \$970 of which was cash and some receipts dated back to February 27, 2004. Deposits are not made intact as coins received are sometimes not deposited until there are sufficient coins to fill a coin roll. Thus, the amount deposited does not always agree to the amount of receipts. In addition, the composition (cash, check, and money orders) of receipts is not reconciled to the composition of deposits. To ensure all monies are properly accounted for and to adequately safeguard receipts against loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100 and the composition of receipts should be reconciled to the composition of deposits.

- D. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Sheriff had 30 outstanding checks over one year old, totaling approximately \$1,571. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- E. A listing of accrued costs owed to the county is not maintained by the Sheriff's office and monitoring procedures related to unpaid accrued costs are not adequate. The Sheriff's office has approximately one-and-a-half file cabinet drawers of accrued costs tracked on fee sheets. The accrued costs are from civil paper service and jail board for prisoners housed in the county jail. The civil paper service costs are billed for all service provided, but unpaid accrued costs are not tracked. In addition, some jail board costs may be charged as court costs to the defendant if ordered by the judge, but these billings are not tracked.

By not adequately monitoring unpaid accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of accrued costs would allow the Sheriff to more easily review the amounts due to the county and to take appropriate steps to ensure amounts owed are collected on a timely basis.

**WE RECOMMEND** the Sheriff:

- A. Restrictively endorse all checks and money orders immediately upon receipt.
- B. Post all receipts to the cash control ledger on a timely basis.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, reconcile the composition of receipts to the composition of deposits.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Maintain a complete listing of unpaid accrued costs and establish procedures to routinely follow-up and pursue timely collection.

**AUDITEE'S RESPONSE**

- A. *Every effort will be made to restrictively endorse all checks and money orders immediately upon receipt effective immediately.*

- B. *Due to a lack of enough manpower it is difficult to post receipts daily. We will make every effort to do what we can to follow the recommendation with the manpower we have to work with.*
- C. *Every effort will be made to make deposits as recommended. All monies are now deposited intact, including coins as we no longer wait for full rolls. Every attempt will be made to reconcile deposits with receipts as recommended.*
- D. *Before the end of the year we will have cleaned up the account by disbursing the very old monies to the state's Unclaimed Property Section (through the County Treasurer) and attempt to contact the old monies on the books. If no contact can be made then that money will be disbursed to the state's Unclaimed Property Section (through the County Treasurer). Procedures will be in place by the end of the year to ensure that no unclaimed monies are held with no action taken.*
- E. *We will come up with a system to monitor unpaid accrued costs and routinely follow-up on unpaid costs to ensure timely collection.*

<b>8. Sheriff's Commissary Accounting Controls and Procedures</b>
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Accounting duties are not adequately segregated, prenumbered receipt slips are not always issued, checks and money orders are not always endorsed upon receipt, receipts are not always deposited timely, and checks have been outstanding for a considerable length of time. Also, a commissary inventory listing is not maintained, profit earned on sales is not monitored, open items are not reconciled, and inmate balances are not reviewed. In addition, various invoices could not be located and questionable purchases were made.

The Sheriff maintains a commissary account for the receipt and disbursement of inmates money, purchase of commissary items, as well as the purchase of office supplies and other law enforcement related items from commissary profits. Deposits to this account totaled approximately \$34,800 and \$42,800 for the years ended December 31, 2003 and 2002, respectively. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate are recorded on a computer system.

- A. Accounting duties are not adequately segregated. The duties of receiving, recording, depositing, purchasing, and disbursing monies are performed by the office manager. There is no documentation that an independent review of deposits and accounting records is performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank

deposits, an independent review of bank reconciliations, and an independent approval of invoices.

- B. Prenumbered receipt slips are not issued for some monies received. In addition, the composition of receipts is not reconciled to the composition of deposits. To adequately safeguard receipts against loss, theft, or misuse of funds, prenumbered receipt slips should be issued for all monies received and the composition of receipts should be reconciled to the composition of deposits.
- C. Receipts are not always deposited on a timely basis. Deposits are generally made three times a month and average approximately \$1,100 for the months reviewed. A cash count performed on March 10, 2004 showed approximately \$1,750 of cash on hand, with some receipts dating back to February 25, 2004. In addition, checks and money orders received are not always restrictively endorsed immediately upon receipt. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100 and check and money orders should be restrictively endorsed immediately upon receipt.
- D. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Sheriff had 44 outstanding checks over one year old, totaling approximately \$101. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

- E. The Sheriff provides commissary services whereby inmates are allowed to purchase snacks and personal items. The Sheriff's office does not maintain inventory records of commissary items. To adequately account for commissary merchandise, a detailed inventory ledger should be maintained. Inventory records should document the beginning balance for each item, items purchased, items sold or otherwise disposed of, and the ending balance of each item. Periodic physical inventory counts should be performed and reconciled to inventory records. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records.
- F. The Sheriff does not have a system for tracking the profit and loss from the sales of commissary items. In addition, all monies earned from the sale of commissary items are retained in the commissary account. To adequately account for the commissary account, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. The profits from the commissary account should be deposited into the county treasury. Section 50.370, RSMo 2000, requires

every county official who receives any fees or other remuneration for official services to pay such money to the county treasury. Accountable fees should be turned over to the County Treasurer. Section 50.550, RSMo 2000, authorizes the County Commission to establish separate funds as necessary.

- G. Monthly listings of open items (liabilities) are not reconciled to cash balances. Included within the balance of the Sheriff's commissary checking account are profit earned on sales, monies due the commissary vendor for purchases, and the total of the individual inmate balances. Balances for each of these liabilities are maintained on computer files but the balances do not always reconcile to the total in the account. According to the Sheriff's records, a shortage of \$487 existed between the total liabilities as of March 16, 2004 and the book balance.

The discrepancy between liabilities and cash balance may be due to several factors. First, as described in part F, profit earned on commissary sales is not adequately monitored and the amount of profit earnings available could not be determined. Second, employees are allowed to purchase work related equipment through the commissary account. Employees deposit personal money, which is not receipted, into the commissary account and the office manager purchases the equipment for the employee. In some instances the amount deposited for the employee's purchase could not be agreed to the amount subsequently disbursed.

The Sheriff should perform monthly reconciliations of liabilities and cash balances. Monthly reconciliations of liabilities and individual prisoners accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis.

- H. At March 16, 2004, 196 inmates had closed accounts totaling approximately \$1,932. This indicates that the inmate was released from the county jail but the balance of their commissary account was not claimed. These closed accounts with inmate balances create additional and unnecessary record keeping responsibilities.

An attempt should be made to locate the inmates with unpaid commissary account balances that are no longer prisoners of the county jail. If the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

- I. Several purchases of flowers totaling \$535 were made during the two years ended December 31, 2003. These purchases do not appear to be necessary or prudent uses of public funds. In addition, the Sheriff's office was unable to locate commissary invoices for the year ended December 31, 2002. Retention of records is necessary to ensure expenditures are a prudent use of public funds, the transaction is valid, to provide an audit trail, and account for all monies received. Section 109.270, RSMo 2000, provides that all records made or received by an official in the course of their

public duties are public property and are not to be disposed of except as provided by law.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received. In addition, reconcile the composition of receipts to the composition of deposits.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, restrictively endorse all checks and money orders immediately upon receipt.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Maintain inventory records for commissary items and reconcile inventory records to periodic physical inventory counts. Any discrepancies should be investigated in a timely manner.
- F. Develop records to adequately track profits and losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees.
- G. Prepare and reconcile a listing of liabilities of the commissary account, including individual inmate balances, to the total monies on deposit in the commissary account on a monthly basis.
- H. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
- I. Ensure all expenditures are reasonable and necessary and a prudent use of public funds. In addition, records should be retained in a secure location in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *Accounting duties will be segregated as manpower allows. Procedures will be in place by the end of the year to audit recorded receipts and bank deposits, review bank reconciliations, and approve invoices.*
- B. *Upon exhaustion of our current supply of receipt slip books, prenumbered and identifiable colored receipt slip books will be ordered and used. Every effort will be made to reconcile receipts to deposits as recommended.*

- C. *Every effort will be made to make timely deposits and endorse all checks and money orders immediately upon receipt.*
- D. *Before the end of the year we will have cleaned up the account by disbursing the very old monies to the state's Unclaimed Property Section (through the County Treasurer) and attempt to contact the old monies on the books. If no contact can be made, then that money will be disbursed to the state's Unclaimed Property Section (through the County Treasurer). Procedures will be in place by the end of the year to ensure that no unclaimed monies are held with no action taken.*
- E. *As manpower allows, we will make every effort to implement the recommendation for inventory records for the commissary by the end of the year.*
- F. *By the end of the year, we will have a record keeping system in place to adequately track profit/losses on the commissary operation.*
- G. *As soon as possible, we will have a record keeping program in place to reconcile the liabilities of the commissary account on a monthly basis along with the bank reconciliation. We had written a check, in error, from the commissary account for payment. When we discovered the error we replaced the money in the commissary account with monies from the Sheriff's Civil Fund. Employee purchases are no longer being made from the commissary account. All purchases are being made through the Sheriff's Donations Fund. This was only done to establish credit with a few suppliers.*
- H. *Before the end of the year we will have cleaned up the account by disbursing the very old monies to the state's Unclaimed Property Section (through the County Treasurer) and attempt to contact the old monies on the books. If no contact can be made then that money will be disbursed to the state's Unclaimed Property Section (through the County Treasurer). Procedures will be in place by the end of the year to ensure that no unclaimed monies are held with no action taken.*
- I. *We will immediately ensure that all expenditures are reasonable and necessary and a prudent use of public funds as recommended. Additionally, all records are now being held in one secure location.*

<b>9. Prosecuting Attorney's Accounting Controls and Procedures</b>
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"Donations" may be accepted in consideration of reduced charges filed on traffic tickets and other criminal cases. In addition, accounting duties are not adequately segregated, bad checks fees are not transmitted to the County Treasurer on a timely basis, and money orders received are not recorded and restrictively endorsed upon receipt. Also, receipt slips are not issued for court ordered restitution payments, no sequential summary record (cash control) of restitution receipts and disbursements is maintained and a log or other record is not maintained to account for all bad check complaints filed and their ultimate disposition.

The Prosecuting Attorney received bad check processing fees totaling approximately \$10,100 and \$11,600 during the years ended December 31, 2003 and 2002, respectively. In addition, donations received in lieu of reduced charges filed on traffic tickets totaled approximately \$40,000 and \$8,700 during the years ended December 31, 2003 and 2002, respectively. Also, the Prosecuting Attorney's office collected court ordered restitution and bad check restitution; however, summary records were not maintained for total restitution received.

- A. Defendants frequently make "donations" to the Special Law Enforcement Fund in consideration from the Prosecuting Attorney for reduced charges filed on traffic tickets. These donations often result in no points being added to the defendants driving record. In addition, in April 2003 a \$25,000 donation was accepted from a defendant in a criminal case in consideration for leniency from the Prosecuting Attorney.

There appears to be no authority for the Prosecuting Attorney to accept a "donation" in consideration for reduced charges filed on traffic tickets or leniency in criminal cases. In addition, Article IX, Section 7 of the Missouri Constitution states that the proceeds of all penalties, forfeitures and fines are to be distributed to the county school fund.

- B. Accounting duties are not adequately segregated. While one clerk usually performs the bad check duties and the other clerk handles criminal restitution and donations, either of the two clerks may perform all of the duties of receiving, recording, and disbursing monies. In addition, the Prosecuting Attorney does not perform periodic documented reviews of their records.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, recording, and disbursing monies. If proper segregations of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- C. Bad check fees are not transmitted to the County Treasurer on a timely basis. Fees are generally transmitted approximately two or three times a month. In addition, money orders received for bad check fees and donations are not recorded and restrictively endorsed immediately upon receipt. These monies are recorded and endorsements are applied at the time of transmittal to the County Treasurer. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted daily or when accumulated receipts exceed \$100 and money orders should be recorded and restrictively endorsed immediately upon receipt.
- D. Receipt slips are not issued for court ordered restitution payments. In addition, no sequential summary record (cash control) of restitution receipts and disbursements is

maintained. Money orders received for restitution payments are copied, recorded, and filed in the applicable case file but a cash control is not maintained.

To adequately account for all receipts, prenumbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. In addition, a cash control should be maintained for restitution transactions and periodically reconciled to the case files to ensure accuracy.

- E. Bad check collection procedures usually require that the check issuer pay restitution using two money orders. One money order is made payable to the merchant/victim for restitution and the other to the Prosecuting Attorney for the collection fee. The restitution money orders are forwarded to the merchant/victim after a photo copy is made. Bad check fee money orders are periodically remitted intact to the County Treasurer. However, a log or other record is not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and provide more assurance that all receipts and disbursements related to these cases are properly handled.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequentially numbered complaint form should be assigned to each bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Review the practice of accepting donations as part of consideration for reducing charges filed or leniency.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Transmit fees to the County Treasurer daily or when accumulated receipts exceed \$100. In addition, record and restrictively endorse money orders received immediately upon receipt.
- D. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of receipt slips. In addition, establish a cash control record for restitution transactions and reconcile periodically to the case files.

- E. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office.

### **AUDITEE'S RESPONSE**

- A. *Defendants may make voluntary contributions to the Special Law Enforcement Fund. These voluntary contributions, by definition, are neither solicited or mandatory. The Prosecuting Attorney has complete discretion in deciding what charges are filed or amended and to what extent prosecuted. Mitigating factors which may be considered include, but are not limited to: community service; enlistment in the military; providing law enforcement with useful information in the investigation and prosecution of other criminal offenses; contributions to civic organizations (library, community center, etc.); and contributions to the Special Law Enforcement Fund. These voluntary contributions to the Special Law Enforcement Fund are not prohibited by statute. Furthermore, said contributions are not penalties, forfeitures, or fines and are not required to be distributed to the county school fund.*

*The Special Law Enforcement Fund is utilized for law enforcement purposes including staff salaries, equipment, maintenance and construction of jail facilities and trial expenses. There are no tax dollars involved, only contributions by persons who have violated the law. The Judge does not order any contributions and does not participate in any manner. The Judge ultimately determines the sentence for the defendant. The Prosecuting Attorney has amended or reduced charges on traffic offenses on numerous occasions when there has been no voluntary contribution to the Special Law Enforcement Fund. Wayne County has limited financial resources and the Special Law Enforcement Fund will continue to accept voluntary contributions from persons who have violated the criminal code to defray the costs of enforcement and prosecution until this practice is prohibited by rule or statute.*

- B. *The clerks in the Greenville office of the Prosecuting Attorney have an aggregate of 26 years of experience in that office. Both are trained and qualified to perform all functions of the office. The Prosecuting Attorney does in fact periodically review the records and will be ultimately accountable for their accuracy.*
- C. *Transmission of bad check fees to the County Treasurer two to three times a month is considered to be a timely basis by the Prosecuting Attorney. Only money orders or cashier's checks are accepted (no cash or personal checks). Endorsements of the money orders are applied as the schedule of clerks may permit upon consideration of the current caseload and trial docket. There have been no complaints or any allegations of mishandling money orders. We will attempt to transmit monies to the County Treasurer at least weekly.*
- D. *Court ordered restitution is generally obtained in advance of plea by the Prosecuting Attorney's office and same is reflected in the court file. The Prosecuting Attorney does not generally collect post-plea restitution. This function is left to the office of Probation and Parole or the Court, which utilizes the Citizens Action Board to collect restitution. We feel that all information is available in the case files.*

- E. *The Prosecuting Attorney's office does keep adequate records of pending bad checks and restitution, including a complete list of all checks received and restitution paid, including photocopies of same and a complete computer file listing. We have an extremely high success rate in our bad check department and have received no unresolved complaints. We will look into a new computer system that can more readily generate reports that provide the information requested.*

<b>10. Health Center's Accounting Controls and Procedures</b>
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Some expenditures do not appear to represent a prudent use of public funds, additions of fixed assets are not recorded as they occur, fixed asset disbursements are not reconciled to additions in the fixed asset records, and property tags are not always affixed to assets when acquired.

- A. The Health Center Board expended approximately \$1,747 for employee incentives (Christmas dinners, employee's awards, etc.), \$770 for refreshments for Health Center Board meetings, and \$70 in flowers during the two years ended December 31, 2003. These expenditures do not appear to represent a prudent use of public funds and a necessary cost of operating the board. The taxpayers have placed a fiduciary trust in the Board to expend public funds in a necessary and prudent manner.
- B. Additions of fixed assets are not recorded as they occur and fixed asset disbursements are not reconciled to additions in the fixed asset records. In addition, property tags are not always affixed to assets when acquired. We noted that three computers, three computer monitors, and a van were not added to the fixed asset records. In addition, the computers and computer monitors were not properly tagged.

Adequate fixed asset records are necessary to secure better internal controls over the health center's property and provide a basis for determining insurance coverage.

**WE RECOMMEND** the Health Center Board:

- A. Ensure all expenditures are reasonable and necessary and a prudent use of public funds.
- B. Require all additions of fixed assets to be recorded as they occur, reconcile additions to the property records periodically, and affixed property tags to assets at the time of purchase.

**AUDITEE'S RESPONSE**

- A. *We spent money on incentives for the Homemakers because in 1999 we were given a 50 cent per hour increase from the in-home program and at this time they stated that it had to be spent directly on the employee that was providing the care for the client. This could be for*

*incentives, salary increases, health insurance benefits, paid holidays, vacation leave or etc. We gave the in-home service workers an increase in salary and benefits and also put the incentives program into place at this time. We feel that by showing the employee that we appreciate what they do throughout the year it does benefit the public because with happier employees they serve the public which is the taxpayers better. We have seen less turnover in employees and more satisfied clients. As of 10/1/04 we will discontinue the employee incentive program.*

*The Board does not accept mileage for attending meetings. We have always provided refreshments for the board meetings instead of them accepting mileage. It would have cost the Health Center approximately \$1,257 if we had one meeting a month in the two years for mileage. There are some months that the Board ends up meeting more than once if there is a special circumstance. The \$770 that was spent in two years on refreshments for the board meetings was a savings for the Health Center of approximately \$629. The meetings are held in the evening because most all of the members hold full time jobs so therefore when they come in the evening to attend the meeting it is usually as they get off work and in our opinion this is a more prudent use of public funds than having to pay mileage.*

*The \$70 that was spent on flowers in two years was an oversight and should have been paid by the employee fund that is maintained by the employees for this purpose. As of 10/01/04 this will be monitored more closely to make sure this does not happen again.*

- B. *Our staff has already updated the fixed asset list. The computers were all purchased at the same time and were just overlooked when the invoice came in and was not turned into the clerk who was in charge of updating the fixed asset list. The person in charge of the fixed asset list will make a physical inventory of the building at least bi-annually from this date forward to make sure everything is listed and that all equipment is properly tagged.*

*The van was given to us so we did not purchase this item and did not realize it had to be added to the fixed asset list since we did not have to pay anything for this item. The van has been added to the fixed asset list.*

<b>11. Senate Bill 40 Board's Accounting Controls and Procedures</b>
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Some expenditures do not appear to represent a prudent use of public funds and bank accounts are not sufficiently collateralized.

- A. The Senate Bill 40 Board expended approximately \$500 in gifts for employees of the Sheltered Workshop per the quarterly financial statement and \$32 in flowers during the two years ended December 31, 2003. These expenditures do not appear to represent a prudent use of public funds and a necessary cost of operating the board. The taxpayers have placed a fiduciary trust in the Board to expend public funds in a necessary and prudent manner. In addition, adequate supporting documentation was not maintained regarding the \$500 gifts.

- B. The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by approximately \$124,000 and \$92,000 at December 31, 2003 and 2002, respectively. The Senate Bill 40 Board did not require the bank to pledge any collateral securities to ensure adequate coverage. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND** the Senate Bill 40 Board:

- A. Ensure all expenditures are reasonable and necessary and a prudent use of public funds. In addition, all expenditures should be supported by adequate supporting documentation.
- B. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

**AUDITEE'S RESPONSE**

- A. *This was an oversight on our part. We did not realize that these types of expenditures were not allowed. This will not happen in the future. We will maintain adequate supporting documentation.*
- B. *Due to the recent construction our account balance has decreased below FDIC coverage. We have talked to the bank and they agreed to establish a collateral security agreement if our account balance exceeds \$100,000 in the future.*

## Follow-Up on Prior Audit Findings

WAYNE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Wayne County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Expenditures

- A. Several expenditures from the Special Law Enforcement Fund did not appear to be a prudent and necessary use of county funds.
- B. The County Commission voted to give the Associate Commissioners a mid-term raise totaling \$4,752 per year even though the County Commission had received a written opinion from the Prosecuting Attorney that concluded that such "a mid-term salary increase for Associate Commissioners would be unconstitutional and is therefore prohibited."
- C. The county unnecessarily incurred interest expense for warrants protested by the county as the county did not always redeem these warrants in a timely manner.

Recommendation:

The County Commission:

- A. Ensure all expenditures made with county monies are prudent and necessary.
- B. Review the appropriateness of the mid-term raise with the Prosecuting Attorney.
- C. And the County Treasurer discontinue the practice of protesting warrants when a sufficient cash balance exists.

Status:

- A. Partially implemented. No imprudent or unnecessary expenditures were noted from the Special Law Enforcement Fund. However, we did note expenditures from other funds that did not appear to be a prudent and necessary use of county funds. See MAR finding numbers 8, 10, and 11.
- B. Not implemented. See MAR finding number 4.

C. This recommendation is no longer relevant as the county discontinued using the warrant system.

2. Budgetary Practices

Actual disbursements exceeded the budgeted amounts in several county funds.

Recommendation:

The County Commission, the Health Center Board and the Senate Bill 40 Board not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

Status:

Partially implemented. Actual disbursements did not exceed the budgeted amounts in the Health Center and the Senate Bill 40 Boards' funds. However, warrants were authorized in excess of budgeted disbursements in several other county funds. See MAR finding number 3.

3. Depository Agreements

The county did not have current written depository agreements with the two local banks where the county had monies on deposit.

Recommendation:

The County Commission enter into written agreements with depository banks in compliance with state law.

Status:

Implemented.

4. Personnel Policies and Procedures

A. Except for road and bridge employees, the county commission had not established written personnel policies regarding vacation and sick leave, compensatory time, and overtime.

B. Records of leave, overtime worked, and compensatory time balances were not centrally maintained except for road and bridge employees.

Recommendation:

The County Commission:

- A. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime.
- B. Require the County Clerk to maintain centralized leave and compensatory records for county employees.

Status:

- A. Partially implemented. The county adopted personnel policies regarding vacation and sick leave, compensatory time, and overtime. However, the county's policy does not specifically address compensatory time and overtime policies related to law enforcement personnel. See MAR finding number 5.
- B. Implemented.

5. County Clerk's Account Book

The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk maintain an account book with the County Collector and use this information to verify the County Collector's annual settlements.

Status:

Implemented.

6. Senate Bill 40 Board

- A. The Senate Bill 40 Board contract with the Services for Extended Employment, Inc. did not provide adequate assurance on how monies were being spent. Additionally, the contract did not guarantee the provision of any specified services to residents of Wayne County or the number of clients to be served in exchange for funding.
- B.1. The Senate Bill 40 Board had not entered into a written contract with Cape Arrowhead regarding usage of monies provided and did not review financial records to determine how these monies were used.
- 2. Three Senate Bill 40 Board members also served on Cape Arrowhead's Board of Directors at the time it received funding resulting in a potential conflict of interest.

Recommendation:

The Senate Bill 40 Board:

A&

- B.1 Enter into written contracts which specify the amounts to be paid, the services to be provided, and the time period covered by the contracts.
  
- 2. Not have administrative or financial ties with its funding recipients.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

WAYNE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1818, the county of Wayne was named after Anthony Wayne, a general of the Revolutionary War. Wayne County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Greenville.

Wayne County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 537 miles of county roads and 74 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,277 in 1980 and 13,259 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	59.8	58.1	56.4	53.5	29.2	10.5
Personal property		28.7	28.4	27.9	27.7	9.0	5.0
Railroad and utilities		12.1	12.3	12.2	11.9	9.3	6.4
Total	\$	100.6	98.8	96.5	93.1	47.5	21.9

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Wayne County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.1600	.1600	.1600	.1600
Special Road and Bridge Fund		.1100	.1100	.1100	.1100
Health Center Fund		.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund		.0800	.0800	.0800	.0600

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	2004	2003	2002	2001
State of Missouri	\$ 31,458	28,685	29,080	27,574
General Revenue Fund	194,287	177,987	183,070	174,581
Special Road and Bridge Fund	116,354	105,852	107,560	102,208
Assessment Fund	43,336	39,817	38,759	36,782
Health Center Fund	103,835	94,690	96,015	91,182
Senate Bill 40 Board Fund	83,195	75,490	75,580	56,265
School districts	3,169,666	2,912,068	2,931,173	2,802,579
Debt Service	17	20	31	457
Junior College Fund	225,953	205,886	209,187	198,922
Ambulance districts	297,728	263,077	127,057	119,098
Fire protection district	106,307	99,328	98,931	95,551
Cities	11,979	8,878	9,832	9,563
County Clerk	228	217	214	188
County Employees' Retirement	30,725	30,148	27,551	23,880
Tax Maintenance Fund	12,711	5,928	0	0
Tax Sale Overplus Fund	80,031	17,494	20,900	13,443
Commissions and fees:				
General Revenue Fund	76,702	71,317	68,914	65,335
Total	\$ 4,584,513	4,136,882	4,023,854	3,817,608

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
Real estate	91.8	91.8	91.5	91.6
Personal property	87.9	89.8	90.1	89.5
Railroad and utilities	100.0	69.5	100.0	100.0

Wayne County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .0050	None	50	%
Capital improvements	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Brian M. Polk, Presiding Commissioner		21,958	21,712	21,712	21,712
Cleo Crawford, Associate Commissioner		19,958	19,958	19,958	19,712
Bud Snyder, Associate Commissioner		19,958	19,958	19,958	19,712
Alan R. Lutes, County Clerk		30,240	29,920	29,920	29,920
Jon A. Kiser, Prosecuting Attorney		36,120	36,080	36,080	36,080
Larry W. Plunkett, Sheriff (1)		37,508	33,600	33,600	34,320
Sharon B. Hamby, County Treasurer		30,240	22,140	22,140	22,140
Barbara A. Anderson, County Coroner (2)		14,160	8,400	8,400	5,280
Harold Shrum, Public Administrator (3)		20,752	20,095	24,933	15,941
Mary Hampton-VaNoy, County Collector , year ended February 28 (29),	30,240	29,920	29,920	29,920	
Michelle M. Hollida, County Assessor (4), year ended August 31,		31,140	31,140	30,820	30,820

(1) 2003 compensation includes \$3,908 for acting as project director of a grant.

(2) 2003 compensation includes back-pay of \$5,760 for the years 1998 and 1999.

(3) Includes \$6,500 salary and fees received from probate cases.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Darren T. Garrison, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	47,300	46,127
Randy P. Schuller, Associate Circuit Judge		96,000	96,000	96,000	97,382

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2003, the balance of the leases total approximately \$346,000. Principal and interest payments are made from the Special Road and Bridge Fund.